

Service Date: Feb. 1, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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| IN THE MATTER Of The Application |) | UTILITY DIVISION |
| of Montana-Dakota Utilities Co. |) | |
| For Approval of the Purchase/Sale |) | |
| and Transfer of the Assets and |) | DOCKET NO. 92.11.74 |
| Operating Responsibilities of the |) | |
| Propane System of KN Energy, Inc. |) | ORDER NO. 5688 |
| in Culbertson, Montana. |) | |

ORDER APPROVING SALE/TRANSFER OF ASSETS

Background

1. On November 25, 1992 Montana-Dakota Utilities Company (Applicant or MDU) filed a petition with the Montana Public Service Commission (Commission) requesting that the Commission issue a declaratory ruling and/or order disclaiming jurisdiction or alternatively approving the sale/transfer of the propane system in Culbertson, Montana by KN Energy, Inc. (KN or Seller) to MDU (Buyer). The Commission treated the application as a request for approval of the transfer.
2. MDU (Buyer) proposes to continue operating the system and providing utility service to KN's customers in Culbertson as previously served. The proposed sale/purchase and transfer of the assets to MDU will have no substantial effect on utility service provided and will not in itself result in a rate increase for any of KN's customers. MDU will continue to operate the system in accordance with the Commission's rules and regulations, filing tariff sheets showing the change in name and entity as MDU.
3. On January 8, 1993 the Commission issued a Notice of Opportunity for Public Hearing which was duly published in both the Culbertson Searchlight, the local newspaper in Culbertson and in the Plentywood Herald, Plentywood, Montana. The Notice gave interested parties until January 22, 1993 to request a hearing or submit protests regarding the application.
4. The Commission has received no protests or requests for

hearing, and therefore will not schedule a public hearing.

FINDINGS OF FACT

5. The Commission finds that MDU is fit and capable of running a propane gas system in Culbertson. MDU presently provides natural gas and/or electric service in Montana, North Dakota, South Dakota and Wyoming and a propane system in South Dakota. The Commission has exercised jurisdiction over MDU's provision of utility service in Montana and finds that MDU has operated as a responsible utility and has the financial and other resources necessary to provide adequate service in the future.

6. The Commission finds that the Asset Sale and Purchase Agreement and financial information submitted with the application indicate a responsible transaction. This Application is for approval of the sale and transfer of the ownership of KN's propane system and property in Culbertson, Montana, and the operating responsibilities. This application does not result in a rate increase to the customers. If MDU needs and can justify a rate increase, it may apply to the Commission pursuant to the requirements of Title 69, Chapter 3, MCA, and the Commission rules in ARM 38.5.101 et seq.

7. Upon transfer, MDU will continue to operate the propane system in Culbertson as a public utility subject to regulation by the Commission pursuant to Title 69, Chapter 3, MCA, and ARM 38.5.101 et seq. MDU will file revised tariff sheets reflecting the change in name to MDU. MDU will be responsible for filing new tariffs with the Commission identical to the tariffs in place before the transfer.

CONCLUSIONS OF LAW

8. The Montana Public Service Commission exercises jurisdiction over the propane gas rates and service provided by KN Energy, Inc. as a public utility in Culbertson, Montana pursuant to Sec. 69-3-102, MCA.

9. Public utilities are required to provide reasonably adequate service and facilities for reasonable rates. Sec. 69-3-201, MCA. The transfer of ownership and operation of KN's facilities and propane system in Culbertson will not result in inadequate service or unreasonable rates.

10. The Commission exercises jurisdiction over sales and transfers of assets, pursuant to its regulatory and supervisory powers and its general powers to do all things necessary and convenient in the exercise of its jurisdiction. Secs. 69-3-102 and 69-3-103, MCA.

11. MDU is fit, willing and able to assume the service responsibilities associated with ownership and operation of a propane gas utility.

ORDER

NOW THEREFORE IT IS ORDERED AS FOLLOWS:

1. The Montana Public Service Commission grants its approval and hereby authorizes KN Energy, Inc. to transfer the propane system assets and operating responsibilities in Culbertson, Montana to Montana-Dakota Utilities Company.

2. Upon transfer, Montana-Dakota Utilities Company shall file rates and service tariff sheets reflecting the name change to Montana-Dakota Utilities Company, consistent with the rates and tariffs now on file for KN Energy, Inc. for the customers in Culbertson, Montana.

3. Montana-Dakota Utilities Company shall comply with all laws, rules and regulations applicable to the provision of propane gas service pursuant to Title 69, MCA, and the rules promulgated thereunder in the Administrative Rules of Montana at Title 38.

Done and Dated this 1st day of February, 1993 by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman
BOB ROWE, Vice Chairman
DAVE FISHER, Commissioner
NANCY MCCAFFREE, Commissioner
DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary
(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.